

Division of Healthcare Finance

Projected Reserve Calculation - New Plan C Design with \$2,500/\$5,000 deductible, 100% coinsurance and current HSA contribution with 50% Employer HSA Contribution in January All Years

Medical, Pharmacy, Dental and Vision

Date of Projection: 3/29/2012

Plan Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Factors and Assumptions	Actual Factors	Actual Factors	Projected Factors and Assumptions.....										
Interest Rate on Reserves	0.9%	0.2%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Admin/Contract Fee Trend	3.2%	-4.9%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Healthcare cost trend rate	2.8%	1.9%	5.0%	5.0%	6.0%	7.5%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Policy Choices	HCC Policy Choices in May 2009	HCC Policy Choices in May 2010	HCC Policy Choices in May 2011	HCC Policy Choices by May 2012	Future Policy Choices.....								
Employer Contr. % incr. (eff. July 1)	12.5%	15.0%	7.5%	0.0%	0.0%	0.0%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%
Employee Contr. % incr. (eff. Jan 1)	7.5%	8.0%	44.0%	0.0%	0.0%	0.0%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%
Dependent Contr. % incr. (eff. Jan 1)	7.5%	8.0%	-7.4%	0.0%	0.0%	0.0%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%
Direct Bill Contr. % incr. (eff Jan 1)	12.4%	14.7%	8.2%	0.0%	0.0%	0.0%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%
Reserves													
Beginning reserve earning interest	11,880,073	11,991,989	12,017,362	12,167,579	12,319,674	12,473,670	189,979,591	167,495,038	147,318,224	129,653,217	114,714,749	102,728,342	93,930,362
Beginning reserve not earning interest	78,295,832	74,866,652	102,929,048	143,164,060	178,389,854	191,600,800	0	0	0	0	0	0	0
Beginning Total Reserve Balance	90,175,905	86,858,641	114,946,410	155,331,639	190,709,528	204,074,470	189,979,591	167,495,038	147,318,224	129,653,217	114,714,749	102,728,342	93,930,362
Projected Cash Flow													
Total Employer Contributions	293,900,171	324,743,377	354,771,632	367,594,703	367,594,703	367,594,703	383,682,830	417,267,309	453,791,499	493,512,721	536,710,816	583,690,122	634,781,614
Total Participant Contributions	127,392,488	129,927,400	131,238,853	109,188,641	110,972,780	113,283,723	122,701,549	133,091,288	144,386,141	156,665,682	170,016,499	184,532,817	200,317,171
Total Contributions	421,292,659	454,670,777	486,010,485	476,783,344	478,567,483	480,878,426	506,384,379	550,358,597	598,177,640	650,178,403	706,727,315	768,222,939	835,098,785
Total Plan Expenses (Claims, ASO fees & contracted expenses)	424,721,839	426,608,381	446,787,974	442,705,050	465,356,537	495,129,225	531,243,678	572,629,099	617,684,126	666,737,536	720,147,657	778,305,023	841,635,276
Interest on Reserves	111,916	25,373	150,217	152,095	153,996	155,921	2,374,745	2,093,688	1,841,478	1,620,665	1,433,934	1,284,104	1,174,130
Net Cash flow	(3,317,264)	28,087,769	40,385,228	35,377,889	13,364,942	(14,094,878)	(22,484,553)	(20,176,814)	(17,665,007)	(14,938,468)	(11,986,407)	(8,797,980)	(5,362,362)
Projected Reserve Balance													
Reserve Ending Balance	86,858,641	114,946,410	155,331,639	190,709,527	204,074,469	189,979,591	167,495,038	147,318,224	129,653,217	114,714,749	102,728,342	93,930,362	88,568,000
Target Reserve	48,651,000	51,193,006	50,273,000	43,810,000	46,345,000	49,682,000	53,732,000	58,374,000	63,429,000	68,934,000	74,928,000	81,457,000	88,568,000
Difference between the Reserve Ending Balance and Target Reserve	38,207,641	63,753,404	105,058,639	146,899,527	157,729,469	140,297,591	113,763,038	88,944,224	66,224,217	45,780,749	27,800,342	12,473,362	0
Ending Balance as a Percent of Claims	20.5%	26.9%	34.8%	43.1%	43.9%	38.4%	31.5%	25.7%	21.0%	17.2%	14.3%	12.1%	10.5%

Total Contributions for 2011 include \$2,870,534 from the ERRP, 2012 includes \$1,012,500 and 2013 includes \$1,147,500 from SB572

Total Contributions for 2011 includes \$187,606 for settlement of pharmaceutical class action lawsuit